



## Unimproved Values - Urban Valuation Policy 4.107

### Principles to be Used for Vacant Land Values in Accordance with the Definitions of Unimproved Value (Site) in the Valuation of Land Act 1978 (Western Australia)

#### Legislative Authority

*Valuation of Land Act 1978* – Section 4 Interpretation  
Section 18 Determining Values for General Valuations  
Section 23 Interim Valuations  
Division 3 Concessional and Other Valuations

#### Background

##### Unimproved Values (UV)

In Western Australia, unimproved values of land (UV) are a widely used base for taxation and rating. They are also determined for use in the “assessed value” component of Gross Rental Value (See section 4 Interpretations of the *Valuation of Land Act 1978* (VLA)).

The unimproved values in the valuation roll are also used by the WA Department of Treasury and Finance in submissions to the Federal Government to assist in the determination of Federal Grants to the States.

Vacant land is sold widely and provides an abundant source of market sales evidence for the valuation of land.

The Valuation of Land Act generally refers to vacant Land in two ways:

- (i) in its raw undeveloped state (unimproved value), or
- (ii) with merged improvements (site value).

#### Policy

- (1) Land is to be considered as being unimproved (but including merged improvements) and vacant together with contiguously used land in the same ownership, but in isolation from other land, and attributes or detriments of the locality that affect the value.
- (2) Primary method of valuation is the direct comparative method using sales evidence of local or similarly zoned/used land at or about the date of valuation specified by the Valuer General.

- (3) Sales evidence supporting valuations entered on the valuation roll is required by the Valuer General to be *truly comparable*, first by either being in the same or a similar locality, and second, by being comparable with respect to zoning and use, or otherwise capable of (transparent) adjustment.
- (4) Sales evidence should be constituted of sales that reflect what the market is prepared to pay, but not including transactions that indicate overly anxious buyers or sellers.
- (5) In accordance with *High Court of Australia decision in Maurici v Chief Commissioner of State Revenue [2003] HCA 8 (13 February 2003)*, Valuers must consider the full basket of sales evidence and, particularly in areas where there is a scarcity of vacant land, must exclude any element of value that would not apply to all similar properties. Thus, the *fair* land value must be assessed as unaffected by special circumstances and *must not include any amount that cannot be demonstrated as realizable on sale of improved properties of the same zoning or use in the same location*.
- (6) The Valuer must form an opinion as to the weight of each item of sales evidence that is used to support the roll. Evidence must be excluded or adjusted if it represents any special value to the purchaser.
- (7) Only sales evidence that conforms with items (1) to (6) above are to be presented with Objections or to a Court or Review process.
- (8) Unless otherwise directed by the Valuer General, this policy will apply to interim (supplementary) values and values provided under special requirements of Division 3 – Concessional and other Valuations, Part III of the VLA.

#### **Date Policy Came into Force**

This policy shall apply to all land values to be adopted for application for rating and taxing purposes from 30 June 2003. Valuation dates to which this policy applies is on or after August 1 2002.

#### **Date of Most Recent Review**

31 January 2006

#### **Authorising Officer**



G Fenner, Valuer General